AMENDING

PREMIER UTILITIES TRUST PLC

INITIAL ACCOUNTS

For The Period From
12 September 2003 to 31 December 2003

COMPANY NUMBER 4897881

REPORT OF THE DIRECTORS

For the period from 12 September 2003 to 31 December 2003

1. INCORPORATION

The Company was incorporated in England and Wales under the Companies Act 1985, as amended, as a public limited company on 12 September 2003.

The Company was established in connection with the scheme of reconstruction of LeggMason Investors International Utilities Trust PLC.

2. BUSINESS AND TAX STATUS

The business of the Company is that of an investment trust and it directs its affairs so as to enable it to seek approval by the Inland Revenue under the provisions contained in Section 842 of the Income and Corporation Taxes Act 1988 from the beginning of its first accounting period.

The Company is an investment company as defined in Section 266 of the Companies Act 1985.

The Company is managed by Premier Fund Managers Limited and has no employees. The Directors are non-executive.

3. DIRECTORS

The present members of the Board are:

W W C Syson (Chairman)
G D C Burns
M D Wigley
J W L Graham

(DIRECTOR OF THE SECRETARY)

By order of the Board

Premier Asset Management plc
Secretary

29 March 2004

STATEMENT OF DIRECTORS RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors confirm that they have complied with the above requirements in preparing the accounts.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Premier Utilities Trust PLC

Statement of Total Return for the period from 12 September 2003 to 31 December 2003

	Notes	Revenue £000	Capital £000	Total £000
Gains on investments realised	13	0	452	452
unrealised	14	0	1,159	1,159
Income	2	501	0	501
Management fee	3	(72)	0	(72)
Other expenses	4	(70)	0	(70)
Return before interest payable & taxation		359	1,611	1,970
Interest payable		0	0	0
Return on ordinary activities before taxation		359	1,611	1,970
Taxation on ordinary activities	5	(20)	0	(20)
Return on ordinary activities after taxation		339	1,611	1,950
Appropriations in respect of non-equity shares: Zero Dividend Preference		0	(218)	(218)
Return attributable to equity shares		339	1,393	1,732
Dividend in respect of equity shares	6	(204)	0	(204)
Transfer to reserves		135	1,393	1,528
Return per ordinary share (pence) :	19	1.87	7.68	9.55
Return per zero dividend preference share (pence) :	19	0	1.14	1.14

The notes on pages 6 to 11 form part of these accounts

Premier Utilities Trust PLC

Balance sheet as at 31 December 2003

	Notes	2003 £000
Fixed assets		
Investments	7	35,624
Current assets		
Debtors	8	532
Cash at bank		2,849
		3,381
Creditors - amounts falling due within one year		
Creditors	9	(354)
Net current assets		3,027
Total assets less current liabilities		38,651
Capital and reserves		
Share capital	10	385
Share premium	11	0
Redemption Reserve	12	228
Capital reserve - realised	13	234
Capital reserve - unrealised	14	1,159
Special reserve	15	36,510
Revenue reserve	16	135
Equity and non-equity shareholders' funds		38,651
NAV per share - Ordinary Shares (pence)	20	106.34
- ZDP Shares (pence)		101.14

The initial accounts on pages 4 to 11 were approved by the Board on 29 March 2004 and were signed on its behalf by:

M D Wigley
Director

The notes on pages 6 to 11 form part of these accounts

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the period, is set out below.

(a) Basis of accounting

The accounts are prepared under the historical cost convention, modified to include the revaluation of investments. The accounts are prepared in accordance with the Company's accounting policies, applicable accounting standards and with the Statement of Recommended Practice "Financial statements of investment trust companies" ("SORP") issued in January 2003..

(b) Valuation of investments

Quoted fixed asset investments have been valued at middle market prices at the close of business at the period end.

The differences between the cost of fixed asset investments and their valuation at the Balance Sheet date have been treated as unrealised appreciation/depreciation and have been taken to capital reserve – unrealised.

Profits and losses on realisation of fixed asset investments have been taken to capital reserve – realised.

(c) Foreign currency

Transactions denominated in foreign currencies are translated into sterling at actual exchange rates as at the date of the transaction or, where appropriate, at the rate of exchange in a related forward exchange contract. Monetary assets and liabilities denominated in foreign currencies at the period end are reported at the rates of exchange prevailing at the period end or where appropriate, at the rate of exchange in a related forward exchange contract. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in capital reserve – realised. Foreign exchange movements on fixed asset investments are included in the Statement of Total Return within gains on investments.

(d) Income

Investment income, which includes related taxation, has been accounted for on an ex-dividend basis when the Company's right to the income is established.

Interest receivable on deposits is accounted for on an accruals basis.

(e) Expenses

All expenses are accounted for on an accruals basis and are charged as follows:

- the basic investment management fee is charged wholly to revenue;
- dealing costs are charged wholly to capital; and
- other expenses are charged wholly to revenue.

NOTES TO THE ACCOUNTS FINANCIAL STATEMENTS (cont'd)

(f) Capital Reserve - Realised

The following are accounted for in this reserve:

- realised gains or losses on the disposal of investments; and
- realised exchange differences on the disposal of foreign currency balances.

(g) Capital Reserve - Unrealised

The following are accounted for in this reserve:

- unrealised increases or decreases in the valuation of investments held at the period-end; and
- unrealised exchange differences in the valuation of foreign currency balances and forward foreign exchange contracts in existence at the period end.

(h) Accounting Period and Comparatives

The Company was incorporated on 12 September 2003 and the accounting period for these financial statements is from that date to 31 December 2003. As this is the first period that the company has prepared financial statements no comparative figures are reported.

2. INCOME

	Period ended 31 December 2003 £000
Income from investment:	
UK franked investment income	325
Overseas dividends	136
Other income	40
	501

3. INVESTMENT MANAGEMENT FEE

The Company's investment manager is Premier Fund Managers Limited. Under the investment management agreement, the investment manager is entitled to receive from the Company a management fee, payable monthly in arrears, of 1 per cent of the gross assets of the Company. This fee is charged to revenue.

In addition the investment manager will be entitled to a performance fee in respect of each accounting period of the Company commencing with the period ending 31 December 2004. Any performance fee paid will be charged to capital.

4. OTHER EXPENSES

	Period ended 31 December 2003 £000
Secretarial services	12
Administration expenses	34
Auditor's remuneration -audit services	4
Directors' fees	20
	70

In addition the Company's auditors were paid £30,000 in connection with the launch of the Company. These expenses are included with formation costs in note 15.

NOTES TO THE ACCOUNTS FINANCIAL STATEMENTS (cont'd)

5. TAXATION

	Period ended 31 December 2003 £000
Overseas taxation	20

The tax assessed for the period is lower than the standard rate of corporation tax. The differences are explained below

	£000
Return on ordinary activities before taxation	359
Return on ordinary activities multiplied by the standard rate of corporation tax of 30%	108
Effect of:	
Income not included for tax purposes	(98)
Overseas tax written off	10
	20

There is no material unprovided deferred tax

6. DIVIDEND

	Per share	Period ended 31 December 2003 £000
Quarterly dividend declared	1.125p	204

The quarterly dividend will be paid on 31 March 2004 to members on the register at the close of business on 27 February 2004. The shares will be marked ex-dividend on 25 February 2004.

7. INVESTMENTS

	31 December 2003 £000
Investments listed on a recognised investment exchange:	
- UK	13,936
- Overseas	21,688
	35,624

8. DEBTORS

	31 December 2003 £000
Accrued income and prepayments	430
Overseas tax recoverable	79
Other	23
	532

NOTES TO THE ACCOUNTS FINANCIAL STATEMENTS (cont'd)

9. CREDITORS

	31 December 2003 £000
Amounts falling due within one year:	
Proposed dividend	204
Other Creditors	150
	354

10. SHARE CAPITAL

	31 December 2003 No. of Shares	31 December 2003 £000
Authorised:		
Ordinary shares of 1p	100,000,000	1,000
Zero dividend preference shares of 1p	100,000,000	1,000
Redeemable shares of £1.00	50,000	50
	200,050,000	2,050
Allotted, issued & fully paid:		
Ordinary shares of 1p	18,143,433	181
Zero dividend preference shares of 1p	19,143,433	191
Redeemable shares of £1.00 (25% called)	50,000	13
	37,336,866	385

During the period 1,000,000 ordinary shares were bought back for cancellation at a cost of £906,310.

11. SHARE PREMIUM ACCOUNT

	31 December 2003 £000
Opening balance	--
Premium on issue of share capital:	37,904
Transfer to special reserve (see note 15)	(37,904)
Closing balance	--

Pursuant to a special resolution, the Company's application to reduce its share premium account was approved by the High Court and registered with the Registrar of Companies on 13 November 2003. The amount of the reduction was £37,903,997. This amount was transferred to a Special Reserve which is available for the purchase by the Company of its own shares for cancellation.

12. REDEMPTION RESERVE

	31 December 2003 £000
Opening balance	--
Buy-back of ordinary shares	10
Premium payable on redemption of zero dividend preference shares	218
Closing balance	228

NOTES TO THE ACCOUNTS FINANCIAL STATEMENTS (cont'd)

13. CAPITAL RESERVE - REALISED

	31 December 2003 £000
Opening balance	--
Net gain on realisation of investments	452
Premium payable on redemption of zero dividend preference shares	(218)
Closing balance	234

14. CAPITAL RESERVE - UNREALISED

	31 December 2003 £000
Opening balance	--
Movement in unrealised appreciation	1,159
Closing balance	1,159

15. SPECIAL RESERVE

	31 December 2003 £000
Opening balance	--
Transfer from share premium account (see note 11)	37,904
Repurchase of 1,000,000 ordinary shares	(906)
Formation expenses	(488)
	36,510

16. REVENUE RESERVE

	31 December 2003 £000
Opening balance	--
Retained net revenue for the period	135
Closing balance	135

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	31 December 2003 £000
Shareholders' funds at beginning of period	--
Proceeds on issue of shares	38,299
Cost of buyback of ordinary shares	(906)
Formation costs	(488)
Total recognised gains and losses for the period	1,950
Dividends appropriated	(204)
Shareholders' funds at end of period	38,651

NOTES TO THE ACCOUNTS FINANCIAL STATEMENTS (cont'd)

18. FINANCIAL COMMITMENTS

At 31 December 2003 there were no commitments in respect of unpaid calls and underwritings.

19. RETURN PER SHARE

Ordinary shares

Revenue return per ordinary share is based on the net revenue on ordinary activities after taxation of £339,000. Capital return per ordinary share is based on the net capital gains of £1,493,000.

Zero dividend preference shares

The return per zero dividend preference share is based on the annualised gross redemption yield of 6.75%.

20. NET ASSET VALUE PER SHARE

The net asset values per share, which have been calculated in accordance with FRS4 and the Articles of Association of the Company, are as follows:

	31 December 2003
Ordinary Shares	106.34 pence
Zero Dividend Preference Shares	101.14 pence

21. RELATED PARTY DISCLOSURES

Under FRS 8, the Company is required to provide additional information concerning its relationship with the Investment Manager, Premier Fund Managers Limited ("PFM"), and other transactions with companies within the Premier Group.

Details of the investment management fee charged by PFM is set out in Note 3. In addition, Premier Asset Management PLC acts as Company Secretary and the fee for secretarial services is set out in Note 4.

INDEPENDENT AUDITORS' REPORT TO PREMIER UTILITIES TRUST PLC UNDER SECTION 273(4) OF THE COMPANIES ACT 1985

We have audited the initial accounts of Premier Utilities Trust plc for the period from 12 September 2003 to 31 December 2003 which comprise the Statement of Total Return, Balance Sheet, and the related notes 1 to 19. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company in accordance with Section 273(4) of the Companies Act 1985 and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our work or for this report.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the initial accounts in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the initial accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to the company our opinion as to whether the initial accounts are properly prepared in accordance with the Companies Act 1985. If our opinion is qualified to the effect that the initial accounts have not been so prepared, we also report to the company if, in our opinion, the matter in respect of which our report is qualified is material for determining, by reference to items mentioned in section 270(2) of the Companies Act 1985, whether the proposed distribution would contravene the relevant section of that Act.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the initial accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the initial accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the initial accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the initial accounts.

Opinion

In our opinion the initial accounts for the period from 12 September 2003 to 31 December 2003 have been properly prepared within the meaning of section 273 of the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London
29 March 2004